

Assembly Bill No. 725

Passed the Assembly September 2, 2009

Chief Clerk of the Assembly

Passed the Senate August 31, 2009

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2009, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 11629.7 and 11629.84 of the Insurance Code, relating to auto insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 725, Jones. Auto insurance: low-cost automobile insurance.

Existing law establishes, within the California Automobile Assigned Risk Plan, a low-cost automobile insurance program. Existing law establishes the low-cost automobile insurance program in several specified counties and makes the expansion to all other counties in California subject to a determination of need made by the Insurance Commissioner following a public meeting, as specified. Existing law provides for the issuance of automobile liability policies pursuant to this program under specified terms and conditions, and provides that a policy so issued satisfies specified requirements regarding financial responsibility. Existing law provides that the low-cost automobile insurance program shall remain in effect only until January 1, 2011.

This bill would name the program the “Martha Escutia and Jackie Speier low-cost automobile insurance program.”

The bill would also provide that the low-cost automobile insurance program would remain in effect until January 1, 2016.

The people of the State of California do enact as follows:

SECTION 1. Section 11629.7 of the Insurance Code is amended to read:

11629.7. (a) There is established, within the California Automobile Assigned Risk Plan established under Section 11620, the Martha Escutia and Jackie Speier low-cost automobile insurance program for all counties in California.

(b) For the purpose of making the low-cost automobile insurance program operational in all counties of California, pursuant to subdivision (a), a low-cost automobile insurance program shall commence operations in the Counties of Alameda, Fresno, Orange, Riverside, San Bernardino, and San Diego, effective April 1, 2006, and shall be made operational in all other

counties of California based upon a determination of need made by the commissioner. Program outreach shall focus primarily on those counties which have the highest number of uninsured drivers or the highest percentage of uninsured drivers or the highest percentage of low-income individuals. In making the determination of need for each county, the commissioner shall consider each of the following:

(1) The number or percentage of motorists within the county who are uninsured.

(2) The number or percentage of residents within the county who are low income.

(3) The availability of affordable automobile insurance options for the county's low-income residents within the private automobile insurance marketplace.

(c) (1) After making the initial determination of need, the commissioner shall, as soon as is practicable, hold a public meeting in that county.

(2) The public meeting required by paragraph (1) shall be held not for the consideration of rates, but for the public discussion of the need and desirability of the program for the consumers of the county. Within 30 days after the public meeting, the commissioner shall make public his or her final determination of whether a need for the program exists within the county. A separate hearing shall be held for the consideration of rates pursuant to Section 11629.72.

(d) The commissioner, after a public hearing, shall approve or issue a reasonable plan for the equitable apportionment, among insurers required to participate in the California Automobile Assigned Risk Plan established under Section 11620, of persons residing in the counties or cities and counties set forth in subdivisions (a) and (b) who are eligible to purchase through the program established in each county or city and county a low-cost automobile insurance policy, as described in Section 11629.71. The program shall be conducted in conjunction with the California Automobile Assigned Risk Plan established under Section 11620.

SEC. 2. Section 11629.84 of the Insurance Code is amended to read:

11629.84. This article shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

Approved _____, 2009

Governor